



Registered Charity Number 1058931

Poole & District Children's Cancer Fund

Trustee expenses and reimbursement policy

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Introduction.

Trustees of the Poole and District Children's Cancer Fund ("The Charity") are unpaid volunteers.

Trustees must not put themselves in a position where their personal interests conflict with their duty to act in the interests of the charity.

Explanation of terms.

1. Expenses

Expenses are refunds by the charity of costs a trustee has had to meet personally to carry out trustee duties. Occasionally, these expenses are paid in advance.

A refund of properly incurred expenses is not a trustee payment and does not count as any kind of personal benefit.

2. Trustee payment

Trustee payments are a financial or other measurable benefit paid to a trustee, or to a 'connected person', from a charity's funds in return for work the trustee has carried out for the charity.

3. Conflict of Interest

See P.D.C.C.F. policy on dealing with conflicts of interest.

4. Connected person

This means family, relatives or business partners of a trustee. It also covers businesses in which a trustee has an interest through ownership or influence.

The term includes a trustee's spouse or unmarried or civil partner, children, siblings, grandchildren and grandparents, as well as businesses where a trustee or family member holds at least one-fifth of the shareholding or voting rights.

5. Charity trustee.

Charity trustees are the people who are responsible for the general control and management of the administration of the charity.

P.D.C.C.F expenses and reimbursement policy

Reimbursement

Reimbursement of trustees for purchases they have personally and properly made on behalf of the charity are not counted as expenses and are accounted for as part of the charity's general expenditure.

Unless by personal choice, no trustee should be 'out of pocket' as a result of carrying out their normal duties and responsibilities for the P.D.C.C.F.

Payment of expenses to a trustee

A charity trustee can claim legitimate expenses while performing their duties as a trustee.

No separate authority is needed in the charity's governing document or from the Charity Commission.

Expense claims should be supported by bills or receipts.

The charity will only pay the trustee for the actual cost or expense, such a payment is not taxable.

The P.D.C.C.F. trustees can make arrangements for advance payment, if required, and agreed by the trustees.

Repayment of expenses will be dealt with as quickly as possible.

If any advance payments are made then any sums not spent must be returned to the charity as soon as possible.

A payment kept by a trustee over and above the actual cost of the expenses will be an unauthorised private gain, and liable for repayment to the charity.

Examples of trustee expenses:

- the cost of postage and other stationary.

- the cost of purchasing tickets on behalf of the charity e.g. Pantomime tickets.
- Expenses that have been previously approved by the trustees.

Payments that would not be considered a legitimate trustee expense.

Examples of payments which are not legitimate trustee expenses or payments are:

- payment of private telephone bills for business unrelated to the charity.
- compensation for loss of earnings whilst carrying out trustee business.
- allowances e.g. A personal clothing allowance.
- honoraria (small or token sums not intended to reflect the true value of the service provided)
- payment for use of a trustee's property (or part of it) for storage and use of charity equipment.

Trustee expenses will be documented in the minutes of the P.D.C.C.F. Trustee minutes and will also be documented in the charity annual report of accounts.

The Trustee minutes will document the following:

- the total amount of trustee expenses
- the nature of the various expenses
- the number of trustees involved

Principles of Payments to charity Trustees

The P.D.C.C.F. trustees must be open and transparent about their decision to pay and be prepared to justify it if publicly challenged and any such payment must be disclosed in the charity accounts.

If the charity trustees are considering whether to make a payment to a trustee (as opposed to reimbursement of expenses), six key factors should be considered:

- who will receive the payment - will it be a trustee, or a person or business connected with a trustee?
- what is the payment expected to cover?
- is the payment clearly in the best interests of the charity?

- is there a legal authority for it?
- what conditions must be met if the payment is to be made?
- how will any conflict of interest be managed?

Payment for being a trustee.

A trustee may only be paid for serving as a trustee where this is clearly in the interests of the charity.

The P.D.C.C.F. does not propose to pay someone to be a trustee and this is not a provision within the governing document.

If the trustees wish to pay someone for being a trustee then they must have authority for payment from the Charity Commission or the court for authority **before** the payment is made.

The decision and the application must not involve the person under consideration for payment.

Paying a trustee for another charity role or for goods and services.

If the P.D.C.C.F proposes to employ a trustee in some other role, then the trustees must apply to the Charity Commission for authority **before** the payment is made. The decision and the application must not involve the person under consideration for payment.

Trustees can be paid for providing goods or services to the charity (section 185 of the Charities Act)

The charity cannot pay a trustee where:

- The payment is for a trustee to serve as a trustee for the charity.
- The charity wishes to employ a trustee or a connected person under a contract of employment.
- The P.D.C.C.F governing document has a strict prohibition against payment for goods or services.
- the conditions for making the payment cannot be met.

The charity can pay a trustee for the supply of any goods or services over and above normal trustee duties. The decision to make this payment must be made by those trustees who will not benefit.

The trustees must decide that the service is required by the charity and agree it is in the charity's best interests to make the payment.

Examples of goods and services that may be provided by a trustee in return for payment under the power in the Charities Act 2000 can be found on the charity Commission website.

Trustees must 'have regard to' the Charity Commission's guidance on the payment for goods and services and a written agreement between the charity and the trustee or connected person who is to be paid must be made. Documenting the agreement with the minutes of a Trustee meeting is insufficient. The agreement forms part of the charity's accounting records and must be retained for at least 6 years.

A trustee cannot legally act as an auditor for their charity.

The P.D.C.C.F. does not propose to pay a trustee for another role within the charity or compensate a trustee for loss of earnings and this is not a provision within the governing document.

Payment for Goods and services

Factors that trustees should consider regarding a payment for goods and services can be found on the charity Commission website.

Trustees must be satisfied that the arrangement and the payment is in the best interests of the charity.

Trustees must follow the duty of care set out in the Charities Act 2000.

Trustees must act honestly and in good faith and must exercise all reasonable care and skill in reaching their decision.

The Charity Commission expects charity trustees to:

- exercise the power responsibly in the best interests of the charity

- take professional or other appropriate advice when in doubt
- be clear that payment of a trustee can be justified
- ensure that conflicts of interest are properly and openly managed
- ensure that agreements are complied with and that any poor performance is identified and addressed
- retain the agreement as part of the charity's records as required by law
- disclose the payments in the charity's accounts

Small payments or gifts

The Charity Commission does not usually require charities to seek its authority where the total value of all trustee payments (excluding expenses) is less than £1,000 in any financial year.

The trustees still need to be satisfied that these payments are in the best interests of the charity.

This includes where trustees wish to make a small one-off payment (known as an honorarium) to a trustee, for which there is no strict legal entitlement and no agreed amount, but which represents a gesture of appreciation or goodwill.

Employing a trustee, former trustee or connected person

Charity trustees may become employees of the P.D.C.C.F in some circumstances, although the employment may need to be approved by the Commission.

Any decision to employ a trustee or former trustee must be justifiable and must be made without favouritism or improper influence.

If decisions about the recruitment or appointment were made while the individual was (or continues to be) a trustee, the Charity Commission's approval to the employment must be obtained.

The Charity Commission's authority will be needed if:

- the person takes up the employment while still a trustee.
- the job offer is made while the person is a trustee, even though he or she later resigns as a trustee.
- the person resigned as a trustee before the formal job offer was made and took part in an open recruitment process but played a major part in

the trustees' decision to create or retain the post, or in devising the recruitment process.

The P.D.C.C.F trustees needs to ensure the selection criteria properly meet the needs of the charity, and that there is a good balance in the job specification between skills, experience, and qualifications.

There will be an open recruitment process.

If an employee becomes a trustee, their employment usually occurs before their trusteeship and so is not a benefit arising from the trusteeship.

Any arrangement between the P.D.C.C.F and a connected person should be open and transparent, so that it can be seen to be made in the charity's interests.

The trustee board should ensure any potential conflict of interest is declared and recorded in its minutes, and that the trustee concerned does not take any part in the board's discussions and decisions concerning the terms and conditions of the connected person's employment.

Payments to compensate for loss of earnings.

The P.D.C.C.F do not make payments to compensate for loss of earnings.

If the P.D.C.C.F trustees wish to consider such a payment then they must apply for authority to do so from the Charity Commission.

The trustee being compensated must not be a party to the application for authority.

The charity will need to be clear they can absorb the cost without any adverse effect on P.D.C.C.F activities. The Charity Commission would not normally expect a charity in financial difficulty to consider making compensation payments to its trustees.